



**New York City Council**

Christine C. Quinn, Speaker

**Finance Division**

Preston Niblack, Director

Jeffrey Rodus, First Deputy Director

**Hearing on the Mayor's Fiscal Year 2011 Executive Budget**

**Department of Consumer Affairs**

May 24, 2010

**Committee on Finance**

Hon. Domenic M. Recchia, Jr., Chair

**Committee on Consumer Affairs**

Hon. Karen Koslowitz, Chair

Jonathan Rosenberg, Deputy Director, Finance Division

Ralph P. Hernandez, Legislative Financial Analyst

## Summary and Highlights

Expense and Revenue	2008 Actual	2009 Actual	2010 Adopted	2010 Exec. Plan	2011 Exec. Plan	Difference 2010 – 2011
Personal Services	\$15,392	\$15,800	\$15,114	\$17,768	\$16,004	\$890
Other than Personal Services	\$5,121	\$5,740	\$5,035	\$6,318	\$4,722	(\$314)
<b>Expense Total</b>	\$20,513	\$21,540	\$20,149	\$24,086	\$20,725	\$576
<b>Revenue Total</b>	\$19,038	\$21,029	\$18,956	\$18,956	\$21,912	\$2,956

The Department of Consumer Affairs' (DCA or the Department) Executive Fiscal 2011 Expense Budget is \$20.73 million, of which \$19.32 million is funded by City tax levy. The overall operating budget for Fiscal 2011 has increased by \$576,000, or by almost 3 percent, compared to the operating budget for Fiscal 2010 at Adoption last year. This increase is the result of the Department hiring 18 inspectors and attorneys to enforce key areas of consumer protection (see pg. 4). In addition, there are Program to Eliminate the Gap (PEGs) designed to raise additional revenue. The two revenue PEGs, totaling \$1.66 million, are:

- **State Tobacco Fine Revenue:** Based on historical collections and current inspection numbers, DCA will generate fine revenue of \$1 million in additional revenue in Fiscal 2011 and the outyears (see Appendix A).
- **Consumer Affairs Licenses:** Based on greater volumes and new licenses categories, DCA will generate additional fee revenue of \$661,000 in Fiscal 2011 and the outyears (see Appendix A).

The Department's Executive Fiscal 2011 Revenue Budget is \$22 million, which is \$3 million or 16 percent more than the Adopted Fiscal 2010 Revenue Budget. Since Fiscal 2008, the Department has generated an average of \$22 million in revenues.

# Department of Consumer Affairs

The Department of Consumer Affairs ensures that New York City’s consumers and businesses benefit from a fair and vibrant marketplace. DCA issues more than 73,000 licenses in 55 business categories and performs onsite inspections to ensure compliance with license regulations, weights and measures regulations, and the New York City Consumer Protection Law. DCA mediates and resolves individual consumer complaints, obtains restitution for consumers, and brings litigation and enforcement actions against repeat violators to halt deceptive advertising and trade practices. Through press releases and press conferences, public awareness campaigns, community outreach, public hearings, the 311 Customer Service Center, its website, and publications, DCA educates the public and businesses about their rights and responsibilities.

Additionally, through the Office of Financial Empowerment (OFE), a program of the Center for Economic Opportunity, DCA engages in financial education, the development of fair financial products, and targeted consumer protection from predatory and deceptive practices for New Yorkers with low incomes. OFE conducts research to better understand the financial needs and available services for people with low incomes; maintains a network of financial education providers; offers a searchable directory of financial education services on its website, and coordinates and launches large-scale public awareness campaigns to help New Yorkers access benefits such as the Earned Income Tax Credit.

**Key Public Services Areas**

- Protect and empower consumers.
- Facilitate fair business practices.
- Ensure efficient, accountable, and customer-friendly operations.

**Critical Objectives**

- Expedite the resolution of consumer complaints.
- Ensure compliance with tobacco regulations to minimize sales to minors.
- Enforce compliance with license laws, consumer protection laws, and weights and measures laws.
- Minimize licensing center wait time and license processing time while maximizing customer service.

SOURCE: Mayor’s Management Report

<b>Department of Consumer Affairs Financial Summary</b>						
<i>Dollars in Thousands</i>						
	<b>2008 Actual</b>	<b>2009 Actual</b>	<b>2010 Adopted</b>	<b>2010 Exec. Plan</b>	<b>2011 Exec. Plan</b>	<b>Difference 2010 – 2011</b>
<b>Budget by Program Area</b>						
Administration	\$1,914	\$2,100	\$2,087	\$2,173	\$2,176	\$88
Licensing/Enforcement	11,463	11,692	10,808	13,360	11,525	716
Adjudication	2,014	2,008	2,218	2,236	2,303	85
Other than Personal Services	5,121	5,740	5,035	6,318	4,722	(314)
<b>EXPENSE TOTAL</b>	<b>\$20,513</b>	<b>\$21,540</b>	<b>\$20,149</b>	<b>\$24,086</b>	<b>\$20,725</b>	<b>\$576</b>
<b>REVENUE TOTAL</b>	<b>\$19,038</b>	<b>\$21,029</b>	<b>\$18,956</b>	<b>\$18,956</b>	<b>\$21,912</b>	<b>\$2,956</b>
<b>Funding</b>						
City Funds	N/A	N/A	\$18,854	\$19,474	\$19,321	\$467
Other Categorical	N/A	N/A	0	36	0	0
State	N/A	N/A	0	3,281	109	109
Federal - Other	N/A	N/A	0	0	0	0
Intra City	N/A	N/A	1,295	1,295	1,295	0
<b>TOTAL</b>	<b>N/A</b>	<b>N/A</b>	<b>\$20,149</b>	<b>24,086</b>	<b>\$20,725</b>	<b>\$576</b>

# Program Areas

## Administration

<i>Dollars in thousands</i>	2008 Actual	2009 Actual	2010 Adopted	2010 Exec. Plan	2011 Exec. Plan	Difference 2010 – 2011
<b>Spending</b>						
<b>Personal Services</b>						
Full-Time Salaried – Civilian	\$1,802	\$1,966	\$2,021	\$2,104	\$2,107	\$86
Other Salaried and Unsalariad	34	63	35	38	38	3
Overtime - Civilian	33	40	5	5	5	0
Additional Gross Pay	45	30	26	26	26	0
<b>TOTAL</b>	<b>\$1,914</b>	<b>\$2,100</b>	<b>\$2,087</b>	<b>\$2,173</b>	<b>\$2,176</b>	<b>\$89</b>
<b>Funding</b>						
City Funds	N/A	N/A	\$2,087	\$2,173	\$2,176	\$89
<b>TOTAL</b>	<b>N/A</b>	<b>N/A</b>	<b>\$2,087</b>	<b>\$2,173</b>	<b>\$2,176</b>	<b>\$89</b>

The Department's Fiscal 2011 Executive Budget is \$2.2 million. The \$89,000 increase from the Fiscal 2010 Adopted Budget to the Fiscal 2011 Executive Budget is the result of collective bargaining.

## Licensing/Enforcement

<i>Dollars in thousands</i>	2008 Actual	2009 Actual	2010 Adopted	2010 Exec. Plan	2011 Exec. Plan	Difference 2010 – 2011
<b>Spending</b>						
<b>Personal Services</b>						
Full-Time Salaried - Civilian	\$8,965	\$9,313	\$9,765	\$10,118	\$10,399	\$635
Other Salaried and Unsalariated	1,310	1,368	743	1,702	809	65
Additional Gross Pay	276	255	215	254	215	0
Fringe Benefits	0	0	0	1,001	16	16
Overtime - Civilian	912	756	86	285	86	0
<b>TOTAL</b>	<b>\$11,463</b>	<b>\$11,692</b>	<b>\$10,808</b>	<b>\$13,360</b>	<b>\$11,525</b>	<b>\$716</b>
<b>Funding</b>						
City Funds	N/A	N/A	\$9,790	\$9,864	\$10,425	\$635
State	N/A	N/A	0	2,478	82	82
Intra-City	N/A	N/A	1,018	1,018	1,018	0
<b>TOTAL</b>	<b>N/A</b>	<b>N/A</b>	<b>\$10,808</b>	<b>\$13,360</b>	<b>\$11,525</b>	<b>\$716</b>

The Fiscal 2011 Executive Budget for the Licensing/Enforcement program is \$716,000 greater than the Fiscal 2010 Adopted Budget. This is primarily the net result of DCA hiring 18 additional inspectors and attorneys to enforce keep areas of consumer protection. The increased inspections will generate additional fine revenue to offset the cost of the new hires.

## Adjudication

<i>Dollars in thousands</i>	<b>2008 Actual</b>	<b>2009 Actual</b>	<b>2010 Adopted</b>	<b>2010 Exec. Plan</b>	<b>2011 Exec. Plan</b>	<b>Difference 2010 – 2011</b>
<b>Spending</b>						
<b>Personal Services</b>						
Other Than Personal Services	\$1,789	\$1,781	\$2,070	\$2,088	\$2,155	\$85
Contractual Services	0	0	70	70	70	0
Other Than Personal Services	116	110	42	42	42	0
Contractual Services	109	117	36	36	36	0
<b>TOTAL</b>	<b>\$2,014</b>	<b>\$2,008</b>	<b>\$2,218</b>	<b>\$2,236</b>	<b>\$2,303</b>	<b>\$85</b>
<b>Funding</b>						
City Funds	N/A	N/A	\$2,218	\$2,236	\$2,303	\$85
<b>TOTAL</b>	<b>N/A</b>	<b>N/A</b>	<b>\$2,218</b>	<b>\$2,236</b>	<b>\$2,303</b>	<b>\$85</b>

The Fiscal 2011 Executive Budget for Adjudication is \$85,000 greater than the Fiscal 2010 Adopted Budget due to attorney collective bargaining.

## Other than Personal Services (OTPS)

<i>Dollars in thousands</i>	2008 Actual	2009 Actual	2010 Adopted	2010 Exec. Plan	2011 Exec. Plan	Difference 2010 – 2011
<b>Spending</b>						
<b>Other Than Personal Services</b>						
Supplies and Materials	\$933	\$630	\$618	\$682	\$618	\$0
Property and Equipment	80	65	25	31	101	75
Other Services and Charges	3,901	4,847	4,197	4,841	3,808	(389)
Contractual Services	196	176	194	763	194	0
Fixed and Misc Charges	11	21	1	1	1	0
<b>TOTAL</b>	<b>\$5,121</b>	<b>\$5,740</b>	<b>\$5,035</b>	<b>\$6,318</b>	<b>\$4,722</b>	<b>(314)</b>
<b>Funding</b>						
City Funds	N/A	N/A	\$4,758	\$5,202	\$4,417	(341)
State	N/A	N/A	0	803	27	27
Intra City	N/A	N/A	277	277	277	0
Other Categorical	N/A	N/A	0	36	0	0
<b>TOTAL</b>	<b>N/A</b>	<b>N/A</b>	<b>\$5,035</b>	<b>\$6,318</b>	<b>\$4,722</b>	<b>(314)</b>

The Department's Fiscal 2011 Executive OTPS Budget is \$314,000 less than the Fiscal 2010 Adopted Budget to reflect Other Adjustments such as lease adjustments and heat, light and power.

## Appendix A: Budget Actions Since Fiscal Year 2010 Adoption

<i>Dollars in thousands</i>	FY 2010			FY 2011		
	City	Non-City	Total	City	Non-City	Total
<b>Agency Budget as per the June 2009 Plan</b>	<b>\$18,854</b>	<b>\$1,295</b>	<b>\$20,149</b>	<b>\$16,538</b>	<b>\$1,295</b>	<b>\$17,833</b>
<b>Program to Eliminate the Gap (PEGs)</b>						
CEO Program Savings	(\$150)	\$0	(\$150)	\$0	\$0	\$0
Consumer Protection Enforcement	0	0	0	793	0	793
State Tobacco Fine Revenue	0	0	0	(1,000)	0	(1,000)
Consumer Affairs Licenses	0	0	0	(661)	0	(661)
<b>Total PEGs</b>	<b>(\$150)</b>	<b>\$0</b>	<b>(\$150)</b>	<b>(\$868)</b>	<b>\$0</b>	<b>(\$868)</b>
<b>New Needs</b>						
Retroactive Lease Payment	\$605	\$0	\$605	\$0	\$0	\$0
<b>Total New Needs</b>	<b>\$605</b>	<b>\$0</b>	<b>\$605</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Other Adjustments</b>						
Adjustment for Revenue PEGs	\$0	\$0	\$0	\$1661	\$0	\$1661
10saragrant001	0	53	53	0	0	0
FUELINSP 10-13	0	109	109	0	109	109
To roll FY09 Grant Funds	0	815	815	0	0	0
Tobacco Grant 12 Funds	0	2,118	2,118	0	0	0
TOBACCOADDONG12	0	186	186	0	0	0
CEO Funding	0	0	0	1,832	0	1,832
Managers & Ojs Collective Bargaining	177	0	177	177	0	177
Volunteer Management System	3	0	3	0	0	0
Budget Mod	0	36	36	0	0	0
Heat, Light and Power	(15)	0	(15)	(32)	0	(32)
Lease Adjustment	0	0	0	13	0	13
<b>Total Other Adjustments</b>	<b>\$165</b>	<b>\$3,317</b>	<b>\$3,482</b>	<b>\$3,651</b>	<b>\$109</b>	<b>\$3,760</b>
<b>Agency Budget as per the Fiscal 2011 Executive Plan</b>	<b>\$19,475</b>	<b>\$4,612</b>	<b>\$24,087</b>	<b>\$19,321</b>	<b>\$1,404</b>	<b>\$20,725</b>